

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 L-02 SP-02 AID-05 NSC-05 CIEP-01

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R 140933Z FEB 75

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 2685

C O N F I D E N T I A L BUDAPEST 0442

E.O. 11652: GDS

TAGS: EFIN, HU

SUBJ: HUNGARIAN REQUEST FOR DEPT ASSURANCES CONNECTED
WITH BOND SETTLEMENT AGREEMENT

REF A: STATE 011532

B: BUDAPEST 0110

1. HUNGARIAN MINISTRY OF FINANCE AFTER STUDYING DEPT ASSURANCES CONNECTED WITH BOND SETTLEMENT AGREEMENT HAS SUGGESTED THAT LANGUAGE BE AMENDED SO OUR ASSURANCES WOULD SPECIFICALLY COVER CORPORATE DOLLAR-DENOMINATED BONDS. THE LANGUAGE REQUESTED BY MINISTRY OF FINANCE IS AS FOLLOWS: "THE FOREIGN BONDHOLDERS PROTECTIVE COUNCIL, INC IS THE APPROPRIATE ENTITY TO CARRY ON NEGOTIATIONS AND CONCLUDE SETTLEMENT RELATING TO PUBLICLY-OFFERED GOVERNMENT AND GOVERNMENT GUARANTEED DOLLAR-DENOMINATED DEBT AND CORPORATE DOLLAR DENOMINATED DEBT. RECOGNIZING THIS FACT, THE UNITED STATES GOVERNMENT WILL NOT SPONSOR FUTURE CLAIMS WITH RESPECT TO BONDS ISSUED BY PREDECESSOR HUNGARIAN GOVERNMENT MUNICIPALITIES AND CORPORATIONS WHICH MIGHT NOT BE DEPOSITED IN ACCORDANCE WITH, AND BY WAY OF ACCEPTANCE OF, AN OFFER NEGOTIATED WITH AND RECOMMENDED BY THE COUNCIL."

2. IN SUPPORTING ITS REQUESTS FOR THESE ASSURANCES, MINISTRY POINTS OUT THAT IN CASE OF BOND AGREEMENT WITH BRITISH THEY RECEIVED SPECIFIC ASSURANCES WITH RESPECT TO HUNGARIAN
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LONG-TERM NON-STATE STERLING BONDS IN ADDITION TO A

COMMITMENT REGARDING 1924 STATE LOAN. COPY OF ASSURANCES
GIVEN TO GOH BY BRITISH WHICH RECENTLY OBTAINED BY US FROM
BRITISH EMBASSY BEING POUCHED.

3. EMBASSY REQUESTS DEPT INFORM US AT EARLIEST POSSIBLE
CONVENIENCE IF IT ABLE TO PROVIDE ASSURANCES ALONG LINES
SUGGESTED BY GOH. AKAR OF FINANCE MINISTRY WILL BE
TRAVELING TO U.S. IN EARLY MARCH FOR PURPOSE OF FINDING
PAYING AGENT AND HAVING FURTHER DISCUSSIONS WITH WOODS
OF FBPC. IF POSSIBLE, WOULD LIKE TO SETTLE QUESTION OF
ASSURANCES PRIOR TO AKAR'S DEPARTURE.
MUDD

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Message Attributes

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